GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:9
ANSWERED ON:17.02.2006
MODERNISATION OF PUBLIC SECTOR BANKS
Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to simplify certain cumbersome procedures and also modernise the Public Sector Banks in the country to face the stiff competition from private and foreign banks;

(b) if so, the steps taken by the Government in this regard;

(c) whether RBI has issued instructions/guidelines in the regard; and

(d) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P CHIDAMBARAM)

(a) to (d): - A Statement is laid on the table of the House.

STATEMENT REFERRED TO HI REPLY TO PARTS (a) TO (d) OF THE LOK SABHA _ STARRED QUESTION. NO. 9 REGARDING MODERNISATION OF PUBLIC SECTOR BANKS FOR ANSWER ON FEBRUARY, 2006 TABLED BY SHRI S.K. KHAKVENTHAN.

Parts (a) to (d): The intense competitive banking scenario, largely propelled by the new players - foreign banks and new generation private sector banks -has brought with it latest technology, improved, methods, practices and processes, innovations in products, sendees and delivery systems. Indian Banking System is now at the threshold of major structural and business transformations. To reposition them as globally competitive banks, Government has granted managerial autonomy to their Boards In many operational areas inducing-them to take strategic initiatives.

As a part of modernization, all the Public Sector Banks have been computerizing their operations in a phased manner and have commenced offering computerized services, like Internet Banking, to their customers.

Banks have been advised, through guidelir.es contained in various RBI circulars, to adopt Information System Audit Policy appropriate to their level of computerization, formulate necessary risks associated with computer and telecommunication systems, draw up a policy outline on business continuity in case of a contingency and ensure that adequate system; are implemented and tested to meet the broad policy objectives laid down in this regard.